

**TO:** Board Members

**THROUGH:** Jeff Walker, Executive Administrator  
Amanda Lavin, Asst. Executive Administrator & Development Fund Manager  
Todd Chenoweth, General Counsel

**FROM:** David Duran, Financial Analyst, Debt & Portfolio Management  
Rebecca Trevino, Chief Financial Officer

**DATE:** February 15, 2017

**SUBJECT:** Approve selection of Underwriting Team

## **ACTION REQUESTED**

Consider the selection and approval of a team of underwriters to serve the Texas Water Development Board for bond sales and other underwriting activities as necessary from March 1, 2017 through February 28, 2019.

## **BACKGROUND**

The Texas Water Development Board (TWDB) selects a team of underwriters through a formal Request for Proposal (RFP) process. From this team, the Executive Administrator recommends a senior manager(s) and co-managers for each debt issuance.

On November 2, 2016, a RFP was sent to firms listed on the Centralized Master Bidders List and an internal TWDB distribution list seeking proposals for underwriting services for the TWDB. The RFP was posted on the State Electronic Business Daily for 30 days. The TWDB received 34 proposals by the due date of December 1, 2016.

## **KEY ISSUES**

An internal review team independently reviewed the proposals to develop recommendations based on the RFP criteria. The review team's recommendation for the team of underwriters was based primarily on the each firm's relevant past experience, demonstrated order history, experience and capacity of each firm's personnel, approach to pricing, financial capacity, and demonstrated innovation.

### **Our Mission**

To provide leadership, information, education, and support for planning, financial assistance, and outreach for the conservation and responsible development of water for Texas

### **Board Members**

Bech Bruun, Chairman | Kathleen Jackson, Board Member | Peter Lake, Board Member  
Jeff Walker, Executive Administrator

The recommended underwriting team is included as follows:

Academy Securities, Inc.	Loop Capital Markets LLC
Bank of America Merrill Lynch	Mesirow Financial, Inc.
Barclays Capital, Inc.	Morgan Stanley
BOK Financial Securities, Inc.	Piper Jaffray & Co.
Citigroup Global Markets Inc.	Ramirez & Co., Inc.
Coastal Securities, Inc.	Raymond James & Associates, Inc.
Estrada Hinojosa & Company, Inc.	RBC Capital Markets, LLC
Fidelity Capital Markets	SAMCO Capital Markets, Inc.
Frost Bank	Siebert Cisneros Shank & Co., L.L.C.
FTN Financial Capital Markets	Stern Brothers & Co.
Goldman, Sachs & Co.	Stifel, Nicolaus & Company, Incorporated
Hutchinson, Shockey, Erley & Co.	UMB Bank, N.A.
J.P. Morgan Securities LLC	Wells Fargo Securities
Jefferies LLC	William Blair & Company, L.L.C.

The scope of this review and evaluation was solely to select underwriting firms to serve in the TWDB's underwriting pool. The TWDB will separately select specific firms to serve on each proposed bond issuance.

The term of the underwriting team will be March 1, 2017 through February 28, 2019 with an option to renew up to two additional one year terms. The TWDB reserves the right to remove firms from the underwriting team at any time based on factors including, but not limited to, performance; change in firm organization, management, staffing, or financial condition; or a change in market conditions or development of new financing structures.

#### **RECOMMENDATION**

Based on the review of the submitted RFPs, the Executive Administrator recommends the selection and approval of the recommended team of underwriters to serve the Texas Water Development Board for bond sales and other underwriting activities as necessary from March 1, 2017 through February 28, 2019.